
Information Item

Educational Policy and Programs Committee

Prospectus for Revisions to the Commission Guidelines for Review of Proposed University Campuses, Community Colleges, and Education Centers

This report outlines staff efforts to update the Commission's, *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers*. The report includes an historical overview of the Commission's responsibility for the review of new public postsecondary educational institutions and a brief summary of the conditions that prompt the need to revise the guidelines.

The State of California requires new public institutions of higher education to be reviewed by the California Postsecondary Education Commission prior to their establishment. The Commission first adopted policies relating to the review of proposed campuses and educational centers in 1975 and revised those policies in 1978, 1982, and 1992. The most recent revision is contained in the Commission's publication, *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers* (CPEC, 92-18).

While the current guidelines have worked well, changes in the higher education planning environment present an opportunity to enhance the efficacy of this document. Burgeoning student enrollments, changes in the economy, new technologies, and the emergence of collaborative ventures are providing a new landscape and changing the context within which planning takes place.

Staff will outline some of the recommended changes to the Commission's review criteria and provide a timetable for publishing revised guidelines.

Presenter: Beth Graybill.



Prospectus for Revisions to the Guidelines for Review of Proposed University Campuses, Community Colleges, and Education Centers

THIS AGENDA ITEM reports on efforts by Commission staff to update the Commission's, *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers*. This report provides an historical overview of the Commission's responsibility for the review of new public postsecondary educational institutions and identifies the conditions that prompt the need to revise the guidelines. In this item, staff will outline some of the recommended changes and provide a timetable for publishing revised guidelines.

Overview of the Commission's review process

The State of California requires new public institutions of higher education to be reviewed by the California Postsecondary Education Commission prior to their establishment. The review helps ensure that new university and college campuses and off-campus centers develop in accordance with statewide needs and priorities. In as much as the Commission's approval of a new institution creates an eligibility to compete for State capital outlay funding, the review process also serves to ensure that State resources used to build new institutions will be wisely spent.

The Commission's role in overseeing the orderly growth of California's public higher education can be traced to the inception of the State's Master Plan for Higher Education. Subsequent legislation assigned to the California Postsecondary Education Commission, and to its predecessor, the Coordinating Council for Higher Education, responsibility for advising the Governor and the Legislature about the need for new college and university campuses and off-campus centers.

While the Governor and the Legislature maintain the ultimate authority to fund new institutions, they have relied on the Commission's analysis and recommendations in making such decisions. The Commission's function as a statewide planning and coordinating agency for higher education makes it uniquely qualified to provide independent analysis of the costs and benefits of proposed projects and it has played an important role in ensuring that new campuses develop as viable, high quality institutions.

Proposals submitted for review by the Commission also involve review by system executive offices and State control agencies. Each review

helps ensure that a new institution will meet specific needs, offer high quality educational services, and have enrollments sufficient to sustain long-term financial viability. The Commission's review begins only after a proposal has been endorsed by the systemwide governing body or its executive.

Proposals for new institutions also require review by the California Department of Finance. As the State's designated demographic agency, the Demographic Research Unit (DRU) of the Department of Finance has the statutory responsibility for the preparation of systemwide enrollment projections. Accordingly, the DRU must approve enrollment projections provided in proposals for new institutions. Proposals involving State capital outlay or operating funds require separate and independent review by the Department of Finance through the Budget Change Proposal process. Requests for funding related to planning, developing, or constructing new campuses or educational centers may not be supported by the Department of Finance prior to review by the Commission.

The Commission's review process has traditionally been organized in three phases:

1. The initial step is the formulation of a long-range plan by each of the three public systems.
2. Phase two occurs when a system notifies the Commission of a specific need for and intention to expand educational services in a given area. This "Letter of Intent" stage permits the Commission to recommend against a proposal or provide advice before the system engages in significant planning and development activities and signals the point at which systems may be eligible to compete for funding to assist in programmatic planning efforts.
3. The final stage involves a Needs Study, in which the system submits to the Commission a formal proposal that provides findings from a comprehensive needs analysis for the project.

At the conclusion of the review process, the Commission forwards its recommendations to the Governor, the Legislature, and the system executive office.

*Projects subject
to Commission
review*

The following actions are subject to review by the Commission:

- ◆ The establishment of a new university or community college campus
- ◆ The conversion of an educational center to a university or community college campus
- ◆ The establishment of a new university or community college educational center

- ◆ The conversion of an off-campus operation to an educational center
- ◆ The establishment of a collaborative institution

The Commission may review and comment on other projects consistent with its overall State planning and coordination role.

Commission responsibilities and authority regarding new campuses and centers

The Commission's authority to review proposals for new public higher education institutions comes from State law. Section 66903(e) of the California Education Code states that the California Postsecondary Education Commission shall "advise the Legislature and the Governor regarding the need for, and location of, new institutions and campuses of public higher education." Section 66904 of the Education Code expresses the intent of the Legislature that the sites for new institutions or branches of public postsecondary education will not be authorized or acquired unless recommended by the Commission:

It is the intent of the Legislature that sites for new institutions or branches of the University of California and the California State University, and the classes of off-campus centers as the Commission shall determine, shall not be authorized or acquired unless recommended by the Commission.

It is further the intent of the Legislature that California Community Colleges shall not receive State funds for acquisition of sites or construction of new institutions, branches or off-campus centers unless recommended by the Commission. Acquisition or construction of non-State funded community colleges, branches and off-campus centers, and proposals for acquisition or construction shall be reported to and may be reviewed and commented upon by the Commission.

Education Code Section 89002 applies specifically to the California State University (CSU) and specifies that construction of authorized campuses shall commence only upon resolution of the CSU trustees and approval by the California Postsecondary Education Commission.

Brief history of the review process

The statutes that support the Commission's Guidelines have a long and consistent history dating back to the development of the Master Plan for Higher Education in California in 1960. Section 66903(e) has remained essentially unchanged since the Donahoe Act created the Commission's predecessor agency, the Coordinating Council for Higher Education, in 1961. That legislation gave the Council specific responsibilities, including the review of new programs, the collection of data and information regarding higher education, and the regulation of physical growth.

The Coordinating Council provided broad advice on long-range planning matters, and "the need for and location of new institutions" of higher education. The Council conducted statewide planning studies, examined en-

rollment growth and fiscal resources, and suggested not only the number of new campuses that might be required in future years, but also the general locations where they might be built. The Council published these statewide planning assessments in a series of reports referred to as "additional center studies." The Coordinating Council's broad, long-range planning responsibility did not involve the review of specific proposals for new campuses or educational centers.

When the California Postsecondary Education Commission was established in 1974, the Legislature specified a stronger role for the Commission with regard to its mandate to provide advice about the need for and location of new public postsecondary institutions. Education Code Section 66904 gave the Commission greater responsibility in overseeing the growth of California's public higher education enterprise and more direct authority to review specific proposals for the establishment of new institutions.

The Commission's quasi-regulatory responsibilities have been formalized in a set of guidelines that provide campus planners and executives with a framework for planning new institutions and an outline for the development of proposals requiring review. The guidelines specify the actions subject to Commission review, the criteria for reviewing proposals, the schedule to be followed by the three public systems when submitting proposals, and specify the contents required of a Needs Study. The guidelines define the criteria by which Commission staff members analyze new campus proposals, focusing particularly on the issues of enrollment demand, geographic location and access, programmatic alternatives, projected costs, and potential impacts on the surrounding community neighboring institutions.

*Evolution of the
guidelines*

The Commission first adopted policies relating to the review of proposed campuses and educational centers in 1975. The Commission revised those policies in 1978 and 1982. The most recent revision to those policies occurred in 1992 and is contained in the Commission's publication, *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers* (CPEC, 92-18). A copy of this document is included in Appendix A.

The two revisions in 1990 and 1992 represented substantial amendments to what was then called the *Guidelines for Review of Proposed Campuses and Off-Campus Centers*. Through those revisions, the Commission sought to incorporate a statewide planning agenda into the guidelines in the hope of achieving a greater attention to statewide perspectives than had previously been in evidence. The 1990 and 1992 guidelines called for long-range plans from each of the systems, followed by a Letter of Intent that identified a system's plans to create one or more new institutions, and finally, a formal Needs Study for the proposed new institution

that would contain certain prescribed data elements and satisfy specific criteria.

*The need
for updating*

In general, the 1992 *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers* under which the Commission has been operating for the past eight years have worked well. However, changes in the higher education planning environment present an opportunity to enhance the efficacy of this document. Long-range planning has become more complex and fluid. Systems face notably shorter planning horizons and desire to maintain flexibility in order to respond to new opportunities or adapt to changing conditions. Burgeoning student enrollments, changes in the economy, new technologies, and the emergence of collaborative ventures are providing a new landscape and changing the context within which planning takes place.

A major shift has occurred over the past five years in how planning is accomplished. Previously, the Commission asked for planning documents from the systems with the intention of offering comments, and perhaps conclusions, on their contents. These plans were designed to articulate statewide needs from a systemwide perspective. However, the plans were rarely submitted and proved to be of little value.

With the publication of *A Capacity for Growth* in 1995 (CPEC 95-9), the Commission assumed a more centralized role in statewide planning. This report provided comprehensive statewide enrollment projections through Fall 2005, along with systemwide capacity analyses, an economic analysis, a projection of General Fund revenues, and a projection of needed capital outlay funding. This report was updated with publication of *Providing for Progress, California Higher Education Enrollment Demand and Resources into the 21st Century* (CPEC 00-1) in February 2000, which extended the analysis of all of the previous elements into the year 2010. If the Commission continues these updates on a regular basis, with periodic adjustments as needed, the need for long-range systemwide planning should be satisfied.

In its report, *Providing for Progress*, the Commission estimated that student enrollment in California's public systems of higher education will grow by more than 714,000 students by 2010. Public postsecondary systems will need to expand existing capacity to accommodate this anticipated surge of enrollment demand, and will likely do so through a combination of year-round operations, expanded schedules, shared facilities, and when appropriate, new facilities. While some of the enrollment growth can be handled by innovative facility management and technology mediated instruction, it is clear that physical growth will also be needed. The Commission has estimated that the three public systems of higher education will need more than \$821.4 million in capital outlay funds per year to provide for enrollment growth during the projection period.

This extraordinary pressure to increase capacity will no doubt result in more and different proposals submitted for review by CPEC. Already the Commission has almost three times the number of pending reviews than it has had in recent years, and many of the proposals contain innovative elements including shared facilities, collaborative programs, and the use of public-private partnerships to leverage resources. Such initiatives are consistent with the Commission's perspective and recommendations concerning enrollment demand and institutional capacity.

Several states have established collaborative centers in recent years, including but not limited to: The University Center at Chaparral, in Parker, Colorado; the Virginia Beach Higher Education Center in Virginia Beach, Virginia; the Woodlands University Center near Houston, Texas, and the Auraria Higher Education Center in downtown Denver, Colorado.

There is a need to better define CPEC's role in the development of procedures governing the establishment of intersegmental, collaborative educational centers. These centers raise a number of interesting questions dealing with administrative control, fiscal management, programmatic authority and decision-making. The review of the CPEC guidelines provides an opportunity to examine these questions and develop criteria in collaboration with State control agencies and systemwide offices to ensure that these new institutions provide high quality, cost effective educational services to students who attend them.

Together, these changes provide an opportunity to revisit the guidelines to determine how they might be updated to reflect the current environment and ensure that they remain a useful tool for evaluating the need for new campuses and educational centers. Such a review also provides an opportunity for the Commission to refine and clarify procedural aspects of the review process that have evolved over time.

**The process
of change**

Much of the work in reviewing the Commission's *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers* is already underway. This past Summer, representatives of the various systems were invited by Commission staff to serve on a committee that would advise the Commission about issues and concerns the public systems face in the development of new campuses and educational centers, recommend procedures for the development and funding of educational centers involving intersegmental collaborations, and review and comment on draft guidelines. The Commission's guidelines Advisory Committee met once in July and again at the end of September and has been an invaluable source of information in reviewing the Guidelines. In the months ahead, this advisory committee will examine draft guidelines and assist the Commission in establishing criteria for the review of collaborative centers, and provide feedback on a draft set of new standards.

The following six policy assumptions are central to the review of the Commission's *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers*:

1. It will continue to be State policy that each resident of California who has the capacity and motivation to benefit from higher education will have the opportunity to enroll in an institution of higher education. The California Community Colleges shall continue to be accessible to all persons at least 18 years of age who can benefit from the instruction offered, regardless of district boundaries. The California State University and the University of California shall continue to be accessible to first-time freshmen among the pool of students eligible according to Master Plan eligibility guidelines. Master Plan guidelines on undergraduate admission priorities will continue to be (a) continuing undergraduates in good standing; (b) California residents who are successful transfers from California public community colleges; (c) California residents entering at the freshman or sophomore level; and (d) residents of other states or foreign countries.
2. The differentiation of institutional mission and function as defined by the State's Master Plan for Higher Education will continue for each of the State's public systems of higher education.
3. The University of California will continue to plan and develop its campuses and off-campus centers on the basis of statewide needs.
4. The California State University will continue to plan and develop its campuses and off-campus centers on the basis of statewide needs and special regional considerations.
5. The California Community Colleges will continue to plan and develop their campuses and off-campus centers on the basis of local needs.
6. Planned enrollment capacities are established for and observed by all campuses of public postsecondary education. These capacities are determined on the basis of statewide and institutional economies, community and campus environment, physical limitations on campus size, program requirements and student enrollment levels, and internal organization. Planned enrollment capacities are established by the governing boards of community college districts (and reviewed by the Board of Governors of the California Community Colleges), the Trustees of the California State University, and the Regents of the University of California.

Based on the information provided by the Advisory Committee, staff recommend that the Commission review and revise its current guidelines to better reflect California's higher education planning environment. Staff recommend several adjustments to the 1992 version of the guidelines including the following:

- ◆ Deleting the requirement for systemwide long-range plans and replacing it with a more specific requirement that each system, when initially considering a new campus or educational center, submit a “Preliminary Notice” of such activity. This would precede even the Letter of Intent, and would serve to advise the Commission that a new institution or facility is being contemplated. If planning continued, then the Letter of Intent and Needs Study stages would follow, with increasing levels of detail and justification required.
- ◆ Clarifying the purpose of the Commission’s role in the review of new campuses and centers. Previously, the funding implications of Commission approval were unclear; now, it is clear that Commission approval creates an eligibility to compete only for State capital outlay funds, regardless of the source of those funds (bonds, General Fund, special fund, etc.). Operational funds may be appropriated without Commission approval.
- ◆ Defining “Grandfathered Operations” as those institutions that have been in continuous operation since January 1, 1974, prior to the time CPEC reviewed proposals for new campuses and off-campus centers. Although relatively few institutions fall into this category, adding the definition will conform to a long-standing policy established by the Commission in 1981 (see CPEC Report No. 84-38, December 1984).
- ◆ Changing the terminology for off-campus centers with less than 500 Full-Time Equivalent Students (FTES). In the previous iteration of the Guidelines, small off-campus centers were termed “Outreach Operations.” In this edition, they are identified as “Off-campus Centers,” a change in terminology designed to remove the confusion between small off-campus centers and programs designed to recruit and enroll historically underrepresented students.
- ◆ Increasing the minimum student enrollment threshold for new university or community college campuses. Educational centers in all three public systems are still defined as enrolling a minimum of 500 full-time-equivalent students (FTES), but new community colleges will now be required to enroll at least 2,000 FTES (up from 1,000 FTES previously), while new University of California and California State University campuses will require enrollment minimums of 3,000 FTES. In each case, the new college or campus will have five years to reach the minimum requirement. A center will have to reach the 500 FTES minimum within three years of opening, unless it is already operating as a non-qualifying center, as defined.
- ◆ Allowing, under special circumstances, a University or State University educational center to admit lower division students, provided they work with community colleges and can demonstrate compelling need.
- ◆ Including a new definition of a “Collaborative Institution” to reflect the growing trend towards cooperative arrangements among two or

more higher education institutions or systems. This definition also makes provision for “Joint Powers Agencies” that may serve as owners and managers of the multi-institutional facilities.

- ◆ Modifying requirements for the Letter of Intent section to conform to the changes noted above and reduce the requirement for budget projections from ten years to five, primarily because projections that extend beyond five years generally have little usefulness. In addition, the *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers* will also now clarify that the Commission will not react to Letters of Intent forwarded by individual community college districts, but only those approved by the Chancellor’s Office.
- ◆ Modifying requirements for the Needs Study to conform to the changes noted above, more specific cost-benefit information for the conversion of an off-campus centers to a full-service campus, and including a new requirement that proposals for new university or community college campuses include a timeline and evidence of a process leading to regional accreditation by the Western Association of Schools and Colleges.

The timelines and response times for the Commission to respond to a Letter of Intent and the Needs Study remain largely unchanged. The response time for a Letter of Intent is 60 days, while the response time for a Complete Needs Study varies depending on the proposed action and the segment. In order to allow adequate time for a thorough review, staff recommend that the time from for a new community college review be extended from six months to one year. This change would make it consistent with the timeframe required for review of four-year institutions. Although the review of a new community college will generally involve fewer academic programs, regional issues involving local enrollment demand, community support, and intersegmental relationships often require greater attention.

A new format is suggested for the guidelines. The new version will be organized by transaction, i.e. the type of proposals subject to review by the Commission. This will help eliminate confusion and clarify review criteria that apply to specific types of proposals. Other changes in the *Guidelines for Review of Proposed University Campuses, Community Colleges, and Educational Centers* are largely technical, or introduced for the purpose of clarification, such as the addition in the enrollment projection sections that specify the use of “Fall Term” FTES (for credit). This clarifies confusion in some quarters that the minimum enrollment threshold might be met by adding the enrollments in various terms.

<i>Proposed timeframe for review of the revised guidelines</i>	<p>As indicated previously, much of the work to update the guidelines has already been accomplished. Over the next few months, in consultation with control agencies and segmental representatives, staff will develop specific guidelines for the review of proposals involving joint-use facilities and intersegmental collaborations. These criteria will be included in the new guidelines and will help inform local planners who may be looking at developing these unique educational centers.</p> <p>The development of guidelines for collaborative institutions and a draft set of guidelines should be ready for review by the Commission at its June 2001 meeting.</p>
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